

## Revising standards for contracts for government construction projects

HB 2525 by Callegari (Lindsay)

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**DIGEST:** HB 2525 would have brought contracting methods of school districts, universities, government entities, and local government entities under one statute in the Government Code. It also would have permitted all methods of contracting, except design-build, to be used for any improvement to real property. Use of the design-build method would have remained limited to buildings.

### GOVERNOR'S REASON FOR VETO:

“House Bill No. 2525 would discourage competition in public sector capital project development by limiting how government may contract for design and construction services. The limitations and extra contracting requirements contained in this bill would likely result in increased costs and project delays for taxpayers.

“The bill requires government entities to contract independently for construction materials engineering, testing, and inspection services, which will drive up costs for a number of public projects such as school construction.

“Restricting the ability to use ‘turnkey’ contracts and requiring certain procurement processes serves to benefit segments of private industry over the public interest. Capital improvement projects funded by tax dollars should benefit from the same free market competition as the private sector.”

**RESPONSE:** Rep. Bill Callegari, the bill’s author, said: “I am very disappointed that the bill was vetoed by Gov. Perry. This bill consolidated several existing chapters of statute into one, making it easier for people to read and understand. Furthermore, it was my understanding that the bill did not make any substantive changes to existing law, merely consolidated existing chapters into one.”

Sen. Jon Lindsay, the Senate sponsor, said: “HB 2525 was an attempt to consolidate four existing procurement statutes into one chapter of the Government Code and, contrary to the governor’s veto proclamation, the bill would have expanded the number of entities that would have been able to use alternative project delivery methods on certain construction projects. The bill was the result of several entities working together to apply uniform guidelines to all those wanting to pursue governmental construction projects and I believe the end product was good public policy that would have ultimately saved the taxpayers money. Therefore, I do not believe this issue should die along with the bill and would hope that it is studied during the interim.”

**NOTES:** HB 2525 was analyzed in Part Two of the May 9 *Daily Floor Report*.